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INSURANCE COMMISSIONER

State of Delaware



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Department of Insurance

MEMORANDUM

TO: Surplus Lines Brokers

FROM: Ann Fletcher
Tax Coordinator

SUBJECT: PRESCRIBED SURPLUS LINES FORMS -- Filing Instructions

Attached hereto are forms applicable to the operations of Surplus Lines Brokers conducting insurance business pursuant to 18 Del. C., Chapter 19, which are required to be filed with this Department, along with a full explanation of each form and filing instructions. The purpose of the forms is to keep accurate records for the determination of what insurance is eligible for export and to ascertain applicable taxes. (Annual tax forms are not included.) Also, the information gathered will help the Department to identify any deficiencies in the insurance business in this State.

These forms may be reproduced as needed. Please call me at (302) 739-4251, ext. 172 if you have any questions.

BROKER'S AFFIDAVIT -- Form SLB-A1

At the time that each and every surplus lines insurance policy is effected, the Surplus Lines Broker who assists in issuing such insurance shall execute an affidavit setting forth facts from which it can be determined whether such insurance is eligible for export under the Surplus Lines laws. This affidavit shall be filed with the Insurance Department within 30 days after the effective date of the insurance.

This form must be filed with the Insurance Department each time a policy is effected. Please attach each SLB-A1 to the Monthly Report (Form SLB-M1) on which the policies are reported. There should be a SLB-A1 for each policy listed on the monthly report.

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SURPLUS LINES BROKER'S CERTIFICATE -- Form SLB-C1

Upon placing a surplus lines coverage, the broker shall promptly issue and deliver to the insured evidence of the coverage; either the policy, as issued by the insurer; or, if same is not available, a Surplus Lines Broker's Certificate. Such certificate shall be executed by the broker and contain: name and address of the broker, the insured, and the insurer; description and location of the risk; terms and conditions of the insurance; coverage amounts and/or limits; premiums and rates charged; and tax collected. If there is more than one insurer sharing the risk, the name, address, and proportion of the risk shall be included.

This certificate shall not be issued until the broker has confirmation from the insurer that such insurance has been accepted and is in effect. After the issuance of such a certificate, any material change in the coverage or conditions on the risk will immediately necessitate the re-issuance of a corrected and updated certificate reflecting the new conditions of the coverage.

The submission of a true copy of SLB-C1 on an occurrence basis shall be deemed in compliance with 18 Del. C., §1906(b), which requires that the Surplus Lines Broker shall file a memorandum as to each such coverage placed by him with an unauthorized insurer.

If and when a policy for such insurance becomes available, the broker shall immediately replace the certificate with the policy. A true copy of each certificate will be kept on file at the office of the broker. Any issuance of such certificate contrary to the provisions governing same shall be subject to the penalties as set forth in 18 Del. C., §1908(e), or where other laws may apply. The attached certificate may be reproduced as needed.

This form should be given to the insured and a copy sent to the Insurance Department whenever a policy is effected and whenever a change in an existing policy occurs. Attach this form to the Monthly Report (along with SLB-A1).

ENDORSEMENT OF CONTRACT

As required by 18 Del. C., §1909, each insurance contract issued on a surplus lines basis shall have stamped upon it the following:

"This insurance contract is issued pursuant to the Delaware Insurance Laws by an insurer neither licensed by nor under the jurisdiction of the Delaware Insurance Department."

This stamp shall also be initialed by or bear the name of the issuing broker.

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BROKER'S RECORD -- Form SLB-M1: MONTHLY REPORT

(formerly Form SLB-R1; amended 5/31/96, updated 5/5/99)

Pursuant to 18 Del. C., §1915, each Surplus Lines Broker must keep in his office in this State a full and true record of all surplus lines transactions. Such record shall be a true record as to each surplus lines coverage effected. The Form SLB-M1 shall serve as a model for the information that is required to be kept. It shall be submitted to the Department on a monthly basis and shall contain such of the following items as may be applicable:

1. Amount of the insurance;
2. Gross premium charged;
3. Return premium paid, if any;
4. Rate of premium charged upon the several items of property;
5. Effective date of the contract and the terms thereof;
6. Name and address of each insurer on the direct risk and the proportion of the entire risk assumed by such insurer if less than the entire risk;
7. Name and address of the insured;
8. Brief general description of the property or risk insured and where located or to be performed; and
9. Other information as may be required by the Commissioner.

This form is filed on a monthly basis and includes information for each and every policy effected during the month. If no surplus lines business was transacted during any particular month, a report marked "NO BUSINESS" must be filed. Premium tax payments should be attached to this monthly report.

MAILING INSTRUCTIONS

Each of these forms should be mailed to the following address:

Delaware Insurance Department
Attn.: Mrs. Ann Fletcher
841 Silver Lake Boulevard
Dover, Delaware 19904

Please make checks payable to: *Delaware Insurance Department.*

PENALTIES

Anyone convicted of abridging the provisions of the Surplus Lines statutes (Chapter 19 of Title 18) shall be subject to administrative penalties, including fines, and/or license suspension or revocation.